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Abstract

The purpose of brands is to allow for identification among products and to make them distinguishable for consumers. From the viewpoint of companies, brands are above all revenue generators. One of the most common ways for companies to leverage them is to introduce new products under established brands as brand extensions. A common conception is that a certain amount of congruence between the parent brand and the extension is important, because an incongruent brand extension might have a negative effect on both the parent brand and the extension. The purpose of the study was to examine why companies in different countries, where the market situation and market development were approximately the same, chose to opt for differing strategies for the same brand regarding an incongruent brand extension. The case parent brand was Fun Light and the sub-brand an extension called Fun & Fruit.

This was a case study where the data was gathered through 4 interviews of representatives from two case companies. Based on this study, the two companies opted for a different route regarding the extension because of differing consumer needs and expectations between the two countries and the respective willingness of the two companies to take risks regarding the parent brand. The results showed that behind the reasons why the other company launched a brand extension were the possibilities to save both time and money, and to benefit from an established brand. Behind the reasons why the other company did not launch the extension was potential harm resulting to both parent brand and the extension because of poor fit between them. These findings supported existing research on brand extensions.

This research brought up important facts which companies must take into account when considering brand extensions, such as brand image as a factor affecting the extendability of a brand.

Key words	Brand extension, brand, brand image
Further information	